

HOUSE CS FOR CS FOR SENATE BILL NO. 204(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/17/22

Referred: Today's Calendar

Sponsor(s): SENATOR REVAK

REPRESENTATIVES Vance, Kaufman

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to charitable gaming online ticket sales and activities; relating to**
2 **charitable gaming proceeds; establishing the Kenai River Freeze-Up Classic; relating to**
3 **auctions or raffles for hunting harvest permits, bear viewing permits, and big game**
4 **tags; and providing for an effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** AS 05.15.060(a) is amended to read:

7 (a) The department shall adopt regulations under AS 44.62 (Administrative
8 Procedure Act) necessary to carry out this chapter covering, but not limited to,

9 (1) the issuance, renewal, and revocation of permits, licenses, and
10 vendor registrations;

11 (2) a method of ascertaining net proceeds, the determination of items
12 of expense that may be incurred or paid, and the limitation of the amount of the items
13 of expense to prevent the proceeds from the activity permitted from being diverted to
14 noncharitable, noneducational, nonreligious, or profit-making organizations,

1 individuals, or groups;

2 (3) the immediate revocation of permits, licenses, and vendor
3 registrations authorized under this chapter if this chapter or regulations adopted under
4 it are violated;

5 (4) the requiring of detailed, sworn, financial reports of operations
6 from permittees and licensees including detailed statements of receipts and payments;

7 (5) the investigation of permittees, licensees, registered vendors, and
8 their employees, including the fingerprinting of those permittees, licensees, registered
9 vendors, and employees whom the department considers it advisable to fingerprint;

10 (6) the method and manner of conducting authorized activities and
11 awarding of prizes or awards, and the equipment that may be used;

12 (7) the number of activities that may be held, operated, or conducted
13 under a permit during a specified period; however, the department may not allow more
14 than 14 bingo sessions a month and 35 bingo games a session to be conducted under a
15 permit; the holders of a multiple-beneficiary permit under AS 05.15.100(d) may hold,
16 operate, or conduct the number of sessions and games a month equal to the number
17 allowed an individual permittee a [PER] month multiplied by the number of holders of
18 the multiple-beneficiary permit;

19 (8) a method of accounting for receipts and disbursements by
20 operators, including the keeping of records and requirements for the deposit of all
21 receipts in a bank;

22 (9) the disposition of funds in possession of a permittee, a person,
23 municipality, or qualified organization that possesses an operator's license, or a
24 registered vendor at the time a permit, a license, or a vendor registration is
25 surrendered, revoked, or invalidated;

26 (10) restrictions on the participation by employees of the Department
27 of Fish and Game in salmon classics, king salmon classics, and big bull moose
28 derbies, and by employees of Douglas Island Pink and Chum in king salmon classics;

29 **(11) establishment of standards for online ticket sales under**
30 **AS 05.15.640(d) to ensure compliance with charitable gaming laws, including age**
31 **and location verification requirements;**

(12) [(11)] other matters the department considers necessary to carry out this chapter or protect the best interest of the public.

* **Sec. 2.** AS 05.15.100(a) is amended to read:

(a) The department may issue a permit to a municipality or qualified organization. The permit gives the municipality or qualified organization the privilege of conducting bingo, raffles and lotteries, pull-tab games, freeze-up classics, ice classics, race classics, rain classics, goose classics, mercury classics, deep freeze classics, canned salmon classics, salmon classics, king salmon classics, dog mushers' contests, snow classics, snow machine classics, fish derbies, animal classics, crane classics, cabbage classics, Calcutta pools, big bull moose derbies, and contests of skill.

* **Sec. 3.** AS 05.15.115(c) is amended to read:

(c) A permittee may not contract with more than one operator at a time to conduct the same type of activity. For the purposes of this subsection, bingo games, raffles, lotteries, pull-tab games, freeze-up classics, ice classics, race classics, rain classics, goose classics, mercury classics, deep freeze classics, canned salmon classics, salmon classics, king salmon classics, dog mushers' contests, snow classics, snow machine classics, fish derbies, animal classics, crane classics, cabbage classics, big bull moose derbies, and contests of skill are each a different type of activity.

* **Sec. 4.** AS 05.15.150 is amended to read:

Sec. 05.15.150. Limitation on use of proceeds. (a) Except as provided in (c) of this section, the [THE] authority to conduct the activity authorized by this chapter is contingent upon the dedication of the net proceeds of the charitable gaming activity to the awarding of prizes to contestants or participants and to political, educational, civic, public, charitable, patriotic, or religious uses in the state. In this subsection, "political, educational, civic, public, charitable, patriotic, or religious uses" means uses benefiting persons either by bringing them under the influence of education or religion or relieving them from disease, suffering, or constraint, or by assisting them in establishing themselves in life, or by providing for the promotion of the welfare and well-being of the membership of the organization within their own community, or through aiding candidates for public office or groups that support candidates for public office, or by erecting or maintaining public buildings or works, or lessening the burden

on government, but does not include

(1) the direct or indirect payment of any portion of the net proceeds of a bingo or pull-tab game to a lobbyist registered under AS 24.45;

(2) the erection, acquisition, improvement, maintenance, or repair of real, personal, or mixed property unless it is used exclusively for one or more of the permitted uses; or

(3) the direct or indirect payment of any portion of the net proceeds of a charitable gaming activity, except the proceeds of a raffle and lottery **that are not derived from online ticket sales under AS 05.15.640(d)**,

(A) to aid candidates for public office or groups that support or oppose candidates for public office;

(B) to a political party or to an organization affiliated with a political party; or

(C) to a group, as that term is defined in AS 15.13.400, or a political group, as that term is defined in AS 15.80, that seeks to influence the outcome of an election.

(b) The net proceeds derived from the activity must be devoted within one year to one or more of the uses stated in (a) **or (c)** of this section. A municipality or qualified organization desiring to hold the net proceeds for a period longer than one year must apply to the department for special permission and upon good cause shown the department may grant the request.

* **Sec. 5.** AS 05.15.150 is amended by adding a new subsection to read:

(c) A permittee, operator, or holder of a multiple-beneficiary permit conducting a charitable gaming activity authorized by this chapter may use proceeds from the charitable gaming activity for use outside the state if the proceeds are used for humanitarian aid to benefit the people of a country that has been invaded by another country.

* **Sec. 6.** AS 05.15.180(b) is amended to read:

(b) With the exception of raffles, lotteries, bingo games, pull-tab games, **freeze-up classics**, race classics, rain classics, goose classics, mercury classics, deep freeze classics, dog mushers' contests, snow classics, snow machine classics, canned

salmon classics, salmon classics, animal classics, crane classics, cabbage classics, Calcutta pools, big bull moose derbies, and king salmon classics, a permit may not be issued for an activity under this chapter unless it existed in the state in substantially the same form and was conducted in substantially the same manner before January 1, 1959. A permit may not be issued for a snow machine classic under this chapter unless it has been in existence for at least five years before the permit is issued. A permit may not be issued for an animal classic under this chapter unless it was in existence before November 1, 2002.

* **Sec. 7.** AS 05.15.640 is amended by adding new subsections to read:

(d) Notwithstanding (a) of this section, a permittee, an operator, or the holder of a multiple-beneficiary permit may use the Internet or an Internet communication to conduct a charitable gaming activity for a raffle or lottery, dog mushers' contest, derby, or type of classic defined in AS 05.15.690. The permittee, an operator, or the holder of a multiple-beneficiary permit may draw winning tickets online or by other electronic or digital means.

(e) A purchaser shall, at the time of an online ticket sale, certify that the purchaser is of legal purchasing age and is not physically present in an area that has adopted a local option prohibiting charitable gaming.

(f) A permittee, operator, or holder of a multiple-beneficiary permit conducting a charitable gaming activity under (d) of this section shall conduct the charitable gaming activity in the state and determine, in the state, the winner of the charitable gaming activity.

(g) A permittee, operator, or holder of a multiple-beneficiary permit conducting a raffle or lottery under (d) of this section shall advertise the maximum number of available raffle or lottery tickets at the beginning of the raffle. The maximum number of available raffle or lottery tickets may be unlimited if the maximum number is advertised as unlimited. The maximum number of available raffle or lottery tickets may not be increased after advertisement.

* **Sec. 8.** AS 05.15.690 is amended by adding a new paragraph to read:

(50) "freeze-up classic" means a game of chance in which a prize of money is awarded by the drawing of lot among persons who correctly guess whether a

body of water or watercourse in the state freezes by the date determined by the administrator of the game and is limited to a Kenai River Freeze-Up Classic operated and administered by the Kenai Rotary Club, the Soldotna Rotary Club, or jointly by the Kenai Rotary Club and the Soldotna Rotary Club.

* **Sec. 9.** AS 16.05.130 is amended by adding a new subsection to read:

(h) Money accruing to the state from the auction or raffle of bear viewing permits under AS 16.05.343(c) shall be deposited in a separate account known as the nongame conservation account in the fish and game fund. Money in the account shall be allocated to programs relating to wildlife sanctuaries and refuges, fish and wildlife diversity, wildlife viewing, educational programs, and related outreach efforts.

* **Sec. 10.** AS 16.05.343(a) is amended to read:

(a) The department may donate each year for a competitive auction or raffle up to two harvest permits for [FOUR] elk from the Etolin, Afognak, or Raspberry Island herds [HERD] and one harvest permit for bison. The donation may be made only to a nonprofit corporation established to promote education in outdoor traditions and wildlife conservation and wildlife protection programs in partnership with the department, subject to the terms of a memorandum of agreement developed by the department.

* **Sec. 11.** AS 16.05.343(c) is amended to read:

(c) The department, subject to regulations adopted by the commissioner, may issue, through a competitive auction or raffle, up to four [THREE] harvest permits each year for each of the following species: emperor goose, Dall sheep, [UP TO TWO HARVEST PERMITS EACH YEAR FOR] bison, [AND UP TO FOUR HARVEST PERMITS EACH YEAR FOR EACH OF THE FOLLOWING BIG GAME SPECIES:] musk ox, brown or grizzly bear, black bear, moose, caribou, goat, elk, and wolf. Subject to regulations, if the department issues permits that allow persons to view bears in the McNeil River State Game Sanctuary established under AS 16.20.160 and 16.20.162, the department may issue up to four of the viewing permits through a competitive auction or raffle. Notwithstanding AS 36.30, the department may authorize a qualified organization selected under (e) of this section to conduct the auction or raffle on behalf of the department. If the

department does authorize a qualified organization to conduct an auction or raffle for a [BIG GAME] species, the department shall make available to a qualified organization at least one harvest permit for that species. [IF THE AUCTION OR RAFFLE IS CONDUCTED BY A QUALIFIED ORGANIZATION, THE ORGANIZATION MAY RETAIN AN AMOUNT FROM THE GROSS PROCEEDS OF THE AUCTION OR RAFFLE EQUAL TO THE ADMINISTRATIVE COST OF THE AUCTION OR RAFFLE PLUS AN AMOUNT NOT TO EXCEED 30 PERCENT OF THE NET PROCEEDS. THE PERCENT OF THE PROCEEDS FROM THE AUCTION OR RAFFLE OF A BIG GAME HARVEST PERMIT RETAINED BY THE ORGANIZATION MAY BE USED ONLY TO SUPPORT OUTDOOR TRADITION EDUCATION PROJECTS AND CONSERVATION AND WILDLIFE PROTECTION PROGRAMS APPROVED BY THE DEPARTMENT AND MAY NOT BE USED TO MAKE A CONTRIBUTION TO ANY CANDIDATE FOR POLITICAL OFFICE OR TO ANY ORGANIZATION SUPPORTING OR OPPOSING BALLOT PROPOSITIONS OR TO PAY EXPENSES ASSOCIATED WITH LOBBYING THE LEGISLATURE OR ADMINISTRATION. ALL PROCEEDS FROM THE AUCTION OR RAFFLE OF THE BIG GAME HARVEST PERMIT LESS THE AMOUNT THAT IS RETAINED BY A QUALIFIED ORGANIZATION UNDER THIS SUBSECTION SHALL BE DEPOSITED IN THE FISH AND GAME FUND UNDER AS 16.05.100.] A person who is issued a [BIG GAME] harvest permit under this subsection shall receive upon the person's request a complimentary hunting license and, if applicable, a big game tag for the [BIG GAME] species for which the [BIG GAME] harvest permit is issued. A hunting license issued under this subsection must bear the inscription "Governor's license" or a similar designation. Notwithstanding an inscription as a "Governor's license" or a similar designation, the commissioner shall issue licenses under this section. A person who receives a [BIG GAME] harvest permit, hunting license, or big game tag under this subsection may exercise the privileges conveyed by the permit, license, or tag only in accordance with applicable law. In this subsection, "qualified organization" means an organization selected under (e) of this section.

* **Sec. 12.** AS 16.05.343(e) is amended to read:

(e) The department may select a nonprofit organization that promotes education in outdoor traditions and wildlife conservation and that conducts wildlife conservation and wildlife protection programs to conduct auctions or raffles for the department under (c) of this section. An organization selected under this subsection is a qualified organization for purposes of (c) of this section if the organization

(1) is incorporated in the state as a nonprofit corporation; and

(2) in the judgment of the department, demonstrates support for a state-based model through a user-pays system based on sustained yield and use principles.

* **Sec. 13.** AS 16.05.343 is amended by adding new subsections to read:

(f) If an auction or raffle is conducted by an organization qualified under (e) of this section, the organization may retain an amount from the gross proceeds of the auction or raffle equal to the administrative cost of the auction or raffle plus an additional amount from the auction or raffle not to exceed 30 percent of the net proceeds if the organization will use the funds to support outdoor tradition and wildlife conservation education projects and wildlife conservation and wildlife protection programs approved by the department.

(g) Proceeds from a raffle or lottery held under this section may be used only by an organization qualified under (e) of this section for the purposes provided by (f) of this section, and may not be used to make a contribution to a candidate for political office or to an organization supporting or opposing ballot propositions or paying expenses associated with lobbying the legislature or administration. All proceeds from the auction or raffle of the harvest permit less the amount that is retained by a qualified organization under this subsection shall be deposited in the fish and game fund under AS 16.05.100.

* **Sec. 14.** AS 05.15.150(c) is repealed July 1, 2023.

* **Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. The Department of Revenue may adopt regulations necessary to implement secs. 2, 3, 6, and 8 of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law implemented by the regulation.

- 1 * **Sec. 16.** Sections 2, 3, 6, and 8 of this Act take effect January 1, 2023.
- 2 * **Sec. 17.** Except as provided in sec. 16 of this Act, this Act takes effect immediately under
- 3 AS 01.10.070(c).